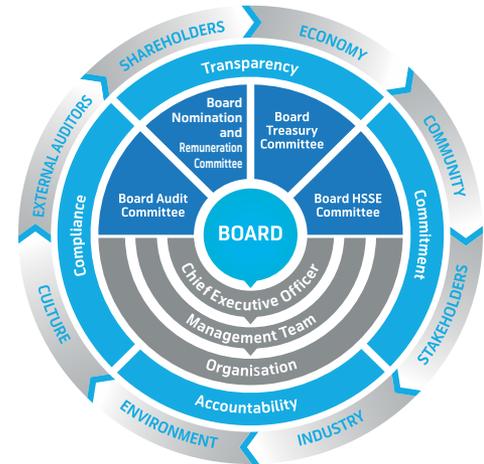


# Corporate Governance in Grameenphone

The Board of Directors (the Board) recognises the importance of good corporate governance and is committed to ensure the sustainability of the Company's business and operations by integrating good governance ethics and business integrity into the strategies and operations of the Company. The Board believes these practices are key to continue delivering long-term shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence.

## Corporate Governance Framework

As a technology-oriented business entity, Grameenphone emphasises on transparency, accountability and compliance, which are the essence of corporate governance. Grameenphone's high standards of corporate governance plays an important part towards the Company's continued growth and success. The Company has always strived to maintain the highest standards of corporate governance and business conduct so as to create and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. Ethical business practices go hand in hand with strong corporate governance, and we believe that running our businesses in an ethical manner creates trust with the public and ultimately create shareholders' value for the Company. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and suppliers.



## Corporate Governance Practices

As part of its governance pursuits, Grameenphone is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to make Grameenphone a thoroughly transparent Company.

## Corporate Governance Report 2020

Grameenphone is listed on the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. The Board is of the view that throughout the year ended 31 December 2020, the Company has complied with all the applicable conditions set out in the Corporate Governance Code 2018 "the Code" issued by the Bangladesh Securities and Exchange Commission (BSEC). The Board continues to monitor and review the Company's Corporate Governance practices and makes necessary changes at an appropriate time. At Grameenphone, our actions are always governed by our values and principles, which are reinforced at all levels within the Company to ensure sustainable success. The disclosures in this report set out our corporate governance framework, practices and policies for FY2020 with reference to the Code.

## Board Matters

### a) Role of the Board

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and are accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate monitoring and control. The Board also ensures that Grameenphone Policies & Procedures and Codes of Conduct are understood, implemented and maintained at all levels and the Company adheres to the generally accepted principles for good governance and effective control of Company activities.

### b) Rules of Procedure for the Board

In addition to other regulatory guidelines, the Board has also adopted the 'Rules of Procedure for the Board of Directors' for ensuring better governance in the work and administration of the Board. The Board is also guided by a Delegation of Authority that spells out the practices and processes in discharging its responsibilities.

### c) Salient features of the Rules of Procedure for the Board

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Purpose</li> <li>• Matters reserved to the Board</li> <li>• Principal Roles and Responsibilities of the Board</li> <li>• Specific focus areas</li> </ul> | <ul style="list-style-type: none"> <li>• Division of work between the Board and CEO</li> <li>• Proceedings of Board Meetings</li> <li>• Conflict of Interest</li> <li>• Chair's Roles &amp; Responsibilities</li> </ul> |
|---|---|

### d) Key Features of our Board

- All Board Members are Non-Executive Directors;
- Chair of the Board is Non-Executive Director;
- Separation of the roles of Chair of the Board and the CEO;
- No Independent Directors have served more than six (6) years;
- Chair of the Audit Committee and NRC Committee are Independent Directors; and
- Management do not sit on the Board.

### e) Board Composition

As at the date of this Annual Report, the Grameenphone Board is comprised of ten (10) Directors, with eight (8) Non-Executive Directors and two (2) Independent Directors. The Non-Executive Directors contribute diversified qualifications and experience to the Company by expressing their views in an independent, constructive and informed manner, and actively participating in Board and Committee meetings. The Directors provide independent judgement and advice on issues relating to the Company's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management processes, with the shareholders' interests being the utmost important factor. The Company has also received from each Independent Director a confirmation annually of his/her independence taking into account the independence guidelines set out in BSEC Corporate Governance Code.

### f) Board Diversity

The Board recognises the importance of diversity in deliberations and decision-making and has established its efforts to establish a diverse Board. We believe that our Board has optimum knowledge, composure and technical understanding about the Company's business, which, combined with its diversity of culture and background, stands as the perfect platform to perform and deliver. Grameenphone Board has approved a policy namely "Local Guidelines Board Diversity" in this aspect.

A list of Directors and their respective biographies are set out on pages 29 to 34 of this Annual Report.

### g) Appointment of new Directors and Top-Level Executives

The Board is responsible for the appointment of new Directors and top-level executives. The Board delegates the screening and selection process to Nomination and Remuneration Committee. The Committee makes its recommendation to the Board for appointment of new Directors and top-level executives.

### h) Training of Board members

All new non-executive directors and independent directors are introduced to our Company culture through orientation sessions. The Management Team and senior management provide an overview of operations, and familiarise the new non-executive directors and independent directors on matters related to our values and commitments. They are also introduced to the organisation structure, services, constitution, Board procedures, and matters reserved for the Board etc.

### i) Board Meetings

The Articles of Association ("AoA") of the Company requires the Board to meet at least four (4) times in a year or when duly called in writing by any Board member. The Board accordingly met twelve (12) times during the year 2020. Board meetings for the upcoming financial year are scheduled in advance before the end of the current financial year to enable Directors to

## Board Composition and Diversity

The Board recognises the benefits of a diverse leadership team. The charts below illustrate the composition and diversity of the Board.

### Composition



### Gender



### Tenure



### Nationality



plan ahead and attend the meetings according to the respective meeting schedules. The notice of each Board Meeting is served in writing well ahead of the meeting. The notice contains the detailed statement of business to be transacted at each meeting. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention. Grameenphone's AoA allows Board meetings to be held via audio and video conferencing to facilitate the decision-making process. The Board met twelve (12) times during the year 2020 and attendance of the Board members in the meetings was as follows.

Board meeting and AGM Attendance of Directors during 2020																	
Name of the directors	AGM 21 April, 2020	Board meeting number												Held during tenure	Attended	% of attendance	
		1	2	3	4	5	6	7	8	9	10	11	12				
Mr. M Shahjahan															12	12	
Mr. Md. Ashraf Hassan															12	12	
Mr. Håkon Bruaset Kjøl****		×													12	11	
Ms. Parveen Mahmud															12	12	
Mr. Øivind Burdal															12	12	
Dr. Salehuddin Ahmed****			×												12	11	
Mr. Lars Erik Tellmann															12	12	
Mr. Jørgen C. Arentz Rostrup	-	-	-	-	-	-	-	-						05	05		
Mr. Abdul-Muyeed Chowdhury	-	-	-	-	-	-	-	-	-	-	-			02	02		
Ms. Tone Ripel	-	-	-	-	-	-	-	-	-	-	-			02	02		
Prof. (Dr.) Jamilur Reza Chowdhury*		×		×				-	-	-	-	-	-	06	04		
Mr. Petter Boerre Furberg**										-	-	-	-	08	08		
Mr. Irfan Wahab Khan***								×					-	11	10		

Attended in person   
 Attended through video conference   
 Attended through audio conference   
 × Leave of absence   
 — Was not a member

\* Prof. (Dr.) Jamilur Reza Choudhury passed away on Tuesday, 28 April 2020

\*\* Mr. Petter Boerre Furberg retired from the Board on 09 June 2020

\*\*\* Mr. Irfan Wahab Khan retired from the Board on 18 October 2020

\*\*\*\* In compliance with the law, the Board granted leave of absence to the members who were unable to attend Board meetings.

## j) Board Activities

Board Activities During 2020	
Strategy	Performance
<ul style="list-style-type: none"> <li>Approved Grameenphone's annual strategy action plan and annual target</li> <li>Approved Grameenphone's capital investment</li> </ul>	<ul style="list-style-type: none"> <li>Grameenphone's Performance - monthly and quarterly</li> <li>Audited Financial Statements for FY 2019 and Final Dividend</li> <li>Approved Interim Dividend</li> </ul>
Risk and Internal Controls	Governance
<ul style="list-style-type: none"> <li>Identified principal risks and ensured appropriate internal controls and mitigation measures and their implementation</li> <li>Reviewed the adequacy and integrity of the information provided by the Management and internal control systems</li> <li>Reviewed enterprise risks on quarterly basis</li> <li>Reviewed Business Security risks and mitigation activities</li> </ul>	<ul style="list-style-type: none"> <li>Approved 2019 Annual Report Contents</li> <li>Approved the appointment of Board members</li> <li>Established and identified succession plan for leadership</li> <li>Reviewed yearly report of Supply Chain Sustainability, Competition Compliance Programme, Internal HS&amp;S Management, and Anti-Corruption Programme</li> <li>Approved revision to the Company Governing Documents</li> <li>Approved Internal Audit Plan and Compliance Plan</li> <li>Review Internal Audit Reports</li> <li>Approved related party transactions</li> <li>Approved 2019 Short Term Incentive (STI) Achievement and 2020 STI plan for the CEO</li> <li>Reviewed the outcome of the BSEC Corporate Governance Code Compliance Audit</li> <li>Reviewed the update from Board Sub-Committees</li> </ul>

**k) The Chair and the Chief Executive Officer (CEO)**

The Chair of the Board is a Non-Executive Director. The Chair and the CEO of Grameenphone are separate persons. The roles of the Chair and Chief Executive Officer are clearly established, set out in writing and agreed by the Board to ensure transparency and better governance. To that end, Grameenphone has also adopted 'Rules of Procedure for Chief Executive Officer'. The Chair leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes, while the CEO is the authoritative head for day-to-day management in the Company. He acts to reasonably ensure that Grameenphone operates its business as per the Articles of Association. Decisions are made by the Board and Shareholders, as well as according to Grameenphone Policies and Procedures and applicable regulatory laws and legislations.

**l) Delegation of authority**

Responsibility or authority is assigned through the delegation of authority framework. The Board approves the Company's delegation of authority which ensures that delegated authority levels flow through the proper governance channels. The delegation of authority framework for the Company is continuously reviewed and updated as circumstances change to ensure relevance and applicability. Amendments to these documents are reviewed and approved by the Board.

**m) Code of Conduct**

In compliance with the requirement of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission (BSEC), the Company has framed and adopted the Code of Conduct for the Chair of the Board, other Board members and the Chief Executive Officer of Grameenphone to support the Company's objectives, vision and values. The Code is available on the Company's website at [www.grameenphone.com](http://www.grameenphone.com)

**n) Access to Information**

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company. Throughout their tenure in office, the Directors are continually updated on the Company's business and the regulatory and industry specific environment in which it operates. These updates are transmitted to them by way of written briefs and meetings with Senior Executives, and where appropriate, external sources.

**o) Succession planning for Top-Level Executive**

The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession of appointments in top level executives. The Company strives to maintain an appropriate balance of skills and experience within the organisation.

**p) Board and Top-Level-Executive Remuneration Policy**

The objective of the Grameenphone's Top-Level Executive remuneration policy is to secure that reward for Top Level Executive shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the Grameenphone behaviour.

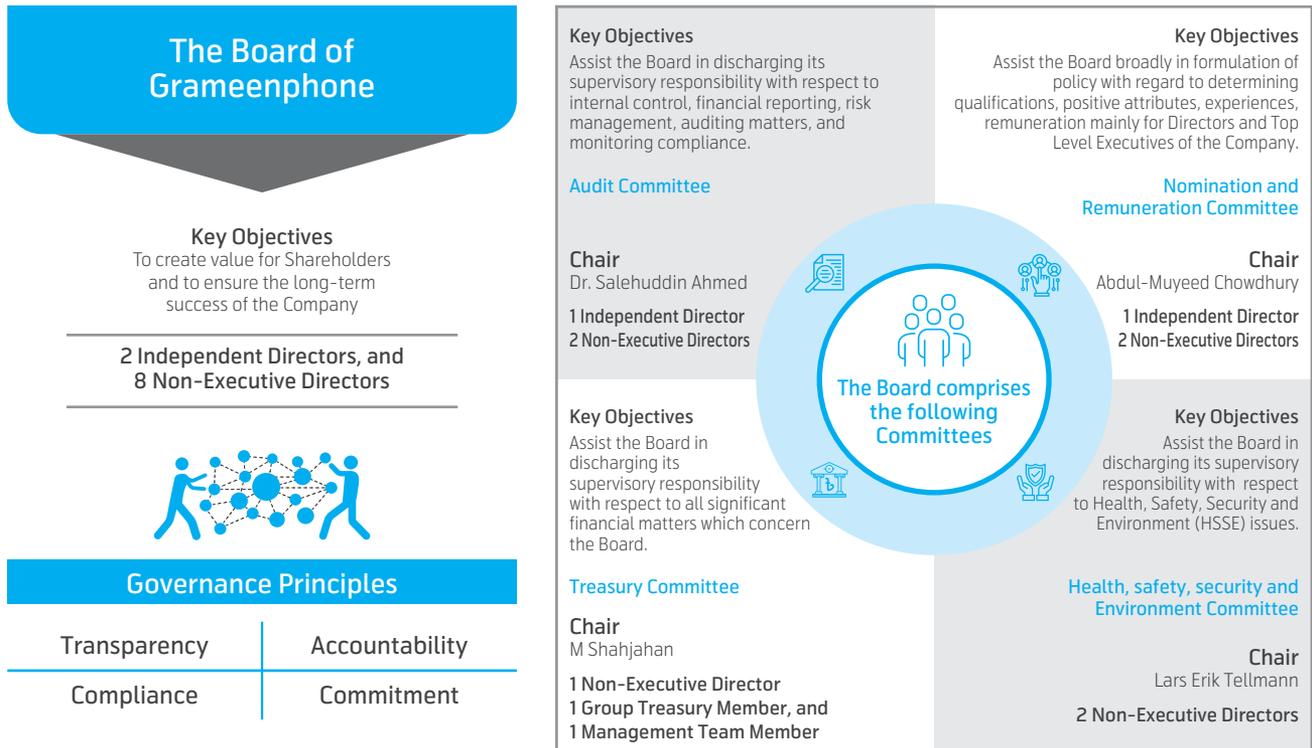
Each Director shall receive reasonable remuneration from the Company for every meeting attended, which includes travelling expenses from and to usual place of residence and an allowance per day for the number of meeting days. The amounts will be determined by the Shareholders at the General Meeting.

**q) Evaluation of the Board**

To establish and improve the operating effectiveness of the Board, the Board shall carry out an evaluation once a year of its work, functions, and performance as well as monitoring of internal control over financial reporting for the preparation of external financial statements and the safeguarding of assets. The Nomination and Remuneration Committee has approved the criteria for evaluation of performance of the Board and the CEO. The Board evaluation was performed in January 2021 and the result was dealt by the Board at its Board Meeting on 27 January 2021.

## Board Committees

For better, quicker and furnished flow of information and thereby exercising effective governance, the Board has also constituted four (4) sub-committees, viz: Audit Committee; Nomination and Remuneration Committee; Treasury Committee; and Health, Safety, Security & Environment Committee and has delegated certain responsibilities to the Committees to assist the Board in the discharge of its responsibilities. The role of Board Committees is to review and appraise in the respective areas and then to advise and make recommendations to the Board. Each Committee operates in accordance with the Charter/Terms of Reference (ToR) approved by the Board. The Board reviews the ToR of the Committees from time to time. The Board appoints the members and Chair of each Committee. A brief description of each Committee is presented below:



### a) Audit Committee

The Audit Committee was established in late 2008 as a sub-committee of the Board and has jurisdiction over all the Company. The Audit Committee is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as required under the BSEC Corporate Governance Code. The Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit are permanent invitees to the Audit Committee meetings.

The Audit Committee assists the Board in discharging its supervisory responsibility with respect to internal control, financial reporting, risk management, auditing matters and Grameenphone's own processes of monitoring compliance with applicable legal & regulatory requirements and the Code of Conduct. The Audit Committee Charter, as approved by the Board, defines the purpose, authority, composition, meetings, duties and responsibilities of the Audit Committee.

The detailed activities of the Audit Committee during 2020 are given on page 57 of this Annual Report.

The Audit Committee met eight (8) times during the year 2020 and attendance of the Committee members in the meetings was as follows:

Name of Directors	Number of meetings attended during 2020								Held during tenure	Attended	% of attendance
	1	2	3	4	5	6	7	8			
Dr. Salehuddin Ahmed									8	8	<div style="width: 100%; height: 5px; background-color: #0070C0;"></div> 100%
Mr. M Shahjahan									8	8	<div style="width: 100%; height: 5px; background-color: #0070C0;"></div> 100%
Mr. Øivind Burdal									8	8	<div style="width: 100%; height: 5px; background-color: #0070C0;"></div> 100%

Attended in person   Attended through video conference   Attended through audio conference   Leave of absence   Was not a member

## b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established on 11 December 2018 as a sub-committee of the Board in place of earlier Human Resources Committee. The NRC is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as required under the BSEC Corporate Governance Code. The Committee assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, and remuneration mainly for Directors and Top-Level-Executives. The detailed activities of the NRC during 2020 are given on page 59 of this Annual Report. The NRC met seven (7) times during the year 2020 and attendance of the Committee members in the meetings was as follows:

Name of Directors	Number of meetings attended during 2020							Held during tenure	Attended	% of attendance	Remarks
	1	2	3	4	5	6	7				
Mr. Abdul-Muyeed Chowdhury	-	-	-	-	-	-		1	1	100%	Effective from 14 September 2020
Mr. Håkon Bruaset Kjøl		×						7	6	86%	
Mr. Md. Ashraful Hassan								7	7	100%	
Prof. (Dr.) Jamilur Reza Chowdhury				-	-	-	-	3	3	100%	Passed away on 28 April 2020

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member

## c) Treasury Committee

This Committee consists of three (3) members who are appointed by the Grameenphone Board. All significant financial matters which concern the Board are discussed in this committee meeting in detail. Upon endorsement of the Treasury Committee, such issues are forwarded to the Board for their final review and approval. The Treasury Committee met three (3) times during the year 2020 and attendance of the Committee members in the meetings was as follows:

Name of Directors	Number of meetings attended during 2020			Held during tenure	Attended	% of attendance
	1	2	3			
Mr. M Shahjahan				3	3	100%
Mr. Pal Stette				3	3	100%
Mr. Jens Becker				3	3	100%

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member

## d) Health, Safety, Security and Environment Committee

This Committee consists of two (2) members who are appointed by the Grameenphone Board. The Committee meets whenever necessary and supports the Board in fulfilling its legal and other obligations with respect to Health, Safety, Security and Environment (HSSE) issues. The Committee also assists the Board in obtaining assurance that appropriate systems are in place to mitigate HSSE risks in relation to the general environment, Company, employees, vendors, etc. The HSSE Committee met two (2) times during the year 2020 and attendance of the Committee members in the meeting was as follows:

Name of Directors	Number of meetings attended during 2020		Held during tenure	Attended	% of attendance
	1	2			
Mr. Lars Erik Tellmann			2	2	100%
Mr. M Shahjahan			2	2	100%

Attended in person Attended through video conference Attended through audio conference Leave of absence Was not a member

## Company Secretary

To ensure effective assimilation and timely flow of information that is required by the Board and to maintain necessary liaison with internal organs as well as external agencies, the Board has appointed a Company Secretary. The Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC), also requires a listed Company to appoint a Company Secretary. In pursuance of the same, the Board of Directors has appointed the Company Secretary and defined his roles & responsibilities. In Grameenphone, among other functions, the Company Secretary:

- Performs as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions.
- Acts as a quality assurance agent in all information streams towards the Shareholders and the Board.
- Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.
- Acts as the Disclosure Officer of the Company and monitors the compliance of the acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders.

## Management Team

The Management Team is the Executive Committee of Grameenphone. Headed by the CEO, the Management Team is responsible for managing and running the affairs of the Company. All other key Managers across the Company are the members of the Management Team. The Management Team works to achieve the strategic goals and mission of the Company set by the Board of Directors. In discharging its assigned responsibilities, the Management Team meets on a weekly basis to monitor the business performance of the Company.

## The Control Environment in Grameenphone

In implementing and ensuring good governance in Grameenphone, the Board and the Management Team ensure the following:

### a) Beyond Budgeting Management Model

Grameenphone employs a Beyond Budgeting Strategic Management model ensuring a more agile organisation which gives the flexibility to adapt to dynamic business environments. Each year, the Company reviews its ambitions & plans over its 3-year strategic period; and sets annual and quarterly targets on key KPIs for the upcoming year. The quarterly targets are subject to rigorous monitoring thereby ensuring a performance driven culture focused on attaining the targets and steering the Company towards fulfilling its strategic ambitions.

Furthermore, every quarter, the Company also prepares a realistic rolling forecast for the next five quarters providing management guidance on future direction for the organisation. The Company continually assesses performance, forecasts, gap with yearly ambitions while also focusing on initiatives to minimise the gap between the targets (KPIs) and forecasts.

The corporate level initiatives are cascaded down to divisional as well as individual levels. The resource allocations are dynamic and are based on the intended actions linked with the target and strategy. It aims to build a culture of accountability, transparency and trust, with a purpose of connecting its customers to what matters most and thereby empower society.

### b) Financial Reporting

Grameenphone has strong financial reporting procedures. Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. All the financial transactions are recorded in the Oracle Enterprise Resource Planning (ERP) systems. Financial reports extracted from the ERP are then used to produce the financial statements. These financial statements, once prepared, are reviewed initially by the Chief Accountant, CFO and CEO respectively and then by the Board Audit Committee on a quarterly basis. In each quarter/half-year/year the external auditors review or audit the financial statements following relevant regulations. The annual audit is conducted by the external auditors, who are appointed by the Board of Directors followed by the Shareholders' approval in the Annual General Meeting. Details of Internal Control over Financial Reporting are described on page 54 of the Annual Report

### c) Structural simplification and efficiency

In the journey of modernising Grameenphone, continuous efforts are put forward to make processes simpler and more efficient. On one hand we ensure simplified processes for customers and on the other hand it brings significant efficiency for the Company.

In 2020, the main focus continue on structural changes and the distribution process. Distribution is our core strength and the automation of the distribution processes brings great value addition not only for front-lines colleagues but also enables stronger performance management. Digitisation brings great result and better customer satisfaction. Serving more customers over digital channels is critical, being a forerunner in modernisation provides us great results. This has also enabled us to support and serve the customer better during Covid. We have made significant progress in building the eco-system in 2020 and will continue focusing on serving customers better and more efficiently over our digital platforms in the coming years.

Grameenphone follows a structured yet dynamic approach ensuring faster time to market, enhancement of service quality with resource efficiency thus meeting the business targets.

Operational expenditure effectiveness on network operation, market spend, capital expenditure efficiency, efficiency in admin and other overhead spend, business process efficiency, and functional cost benchmarking are some of the corner stones of our scope of work. The team works together with empowered cross-functional teams to analyse and review the need and expected outcome of spending to ensure priority of business needs and optimise results. Progress of the milestones and efficiency are subject to assessment by Management and are reflected in the financial results. The progress of the efficiency initiatives are also reported to the Board of Directors and Management Team on a regular basis.

#### **d) Business Reviews and Financial Reviews**

Business reviews and financial reviews are conducted on a quarterly basis. The purpose of business reviews is to monitor progress of strategic initiatives versus longer term strategic plans and objectives, whilst also taking into consideration the changing market and regulatory environment. The purpose of the financial review is to monitor the financial performance and position of the company versus its annual financial targets.

In addition to quarterly business and financial review, the CEO and CFO review financial results on a monthly basis to ensure Grameenphone is on track to deliver its annual financial targets or to identify corrective action, if and when required.

#### **e) Management of Assets**

Grameenphone, in its pursuit of best quality network for its subscribers, has been investing in cutting-edge telecom technology since its inception. Transparency and accountability are ensured at all stages from acquisition to disposal to protect the interest of Shareholders. Internationally accepted safety measures have been implemented and periodic physical verification is undertaken on a test basis to safeguard assets and to ensure accuracy and authenticity of the reported number of assets. All critical assets are adequately insured against industrial risks with local and international insurance companies.

#### **f) Statutory Audit and Certification**

Auditing of the Company is governed by the Companies Act, 1994 and the Bangladesh Securities and Exchange Commission Rules 1987 and conducted in accordance with International Standards on Auditing (ISA). As per these regulations, auditors are appointed by Shareholders at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per Corporate Governance best practices to ensure their independence. Statutory auditors cannot be appointed for a consecutive period exceeding three years in compliance with the order of Bangladesh Securities and Exchange Commission (BSEC). Statutory auditors are not engaged in non-audit services as this may compromise auditor independence, unless otherwise required by the regulators. The Board Audit Committee reviews the Financial Statements before its submission to the Board of Directors for approval. Auditors also have access to the Board Audit Committee and the Board for communication of any issues. In addition to the audit of annual financial statements, the auditors also carry out audit of half-yearly financial statements of the Company, when required.

Further, to ensure adequate regulatory discharge, a Compliance Certificate is obtained from licensed practicing professional who certify that the Company has duly complied with all the regulatory requirements as stipulated by the Bangladesh Securities and Exchange Commission (BSEC).

Moreover, for remittance of technical assistance fees and consultancy fees, auditors also certify payable amount and calculation for each remittance.

#### **g) Internal Audit and Investigation**

Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. The investigation unit ensures that internal investigations are conducted with predictability, confidentiality, fairness and confidence to clarify the factual circumstances and establish if there are any evidence of personal misconduct or violation to Grameenphone's Governing Documents and/or laws and regulations. In order to ensure organisational independence of Internal Audit and Investigation, the Head of Internal Audit reports functionally to the Board and its Audit Committee and administratively to the Chief Executive Officer. Internal Audit and Investigation activities are governed by the Charter, which is approved by the Board. Grameenphone Internal Audit and Investigation is empowered to carry out its assigned activities in all aspects of the

Company and have unrestricted access to any relevant information. Grameenphone Internal Audit department discharges its assurance and consulting activities through management of three distinct audit streams: Core Business, Governance and Third Parties, and IT & Cyber Security. A risk-based annual audit planning process is in place, which takes into consideration the strategic imperatives and major business risks surrounding Grameenphone, while considering pervasive audit needs. Grameenphone Internal Audit and Investigation also works closely with Telenor Group Internal Audit in sharing knowledge and resources to ensure achievement of internal audit deliverables and objectives.

#### h) Internal Control Over Financial Reporting (ICFR)

Preparing reliable financial statements in accordance with applicable accounting standards and relevant laws and regulations is a key responsibility of the Grameenphone Management. Grameenphone has implemented necessary Internal Controls to ensure that the financial statements prepared are free from material misstatement, whether due to fraud or error and the financial statements are compliant with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and Corporate Governance Code 2018.

Grameenphone follows a risk-based approach for designing and implementing effective internal controls. The Management has also established an appropriate accountability structure with defined roles and responsibilities for control performers, control owners and process owners with the overall responsibility lying with the CEO and CFO. A dedicated Internal Control Team is also in place for conducting internal control related activities.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting engaging an independent audit firm, using the criteria established in Internal Control - Integrated Framework (2013) issued by the COSO and concluded that the Company maintained effective internal control over financial reporting throughout the year ended 31 December 2020.

#### i) Related Party Transactions

The Board Audit Committee reviews all the related party agreements and payments before submission to the Board of Directors for approval. Abiding by the laws, a Board Director, who has an interest in a transaction, discloses his interest in such transaction and abstains from deliberations and voting on the relevant resolution in respect of the transactions at the Board meetings. Details of significant related party transactions are disclosed in notes of the Financial Statements as per the requirements of IAS 24 Related Party Disclosures.

#### j) Dividend Distribution Policy

The Board of Directors has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the Shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of Grameenphone to draw up a long-term and predictable dividend policy. The objective of the policy is to allow the Shareholders to make informed investment decisions. The Board has approved the following dividend policy:

"The dividend policy is to pay minimum 50% of the net profit after tax depending on the financial health and capital requirement of the Company with an aim to have a consistent growth in dividend payout. Grameenphone shall aim for as frequent dividend distribution as possible.

Grameenphone can consider special dividend payments such as interim dividend subject to the company's business performance and cash availability."

#### k) Enterprise Risk Management & Risk Mitigation

Risk Management at Grameenphone is concerned with earning competitive returns from the Company's various business initiatives at an acceptable risk level. It supports the Company's competitiveness by developing a culture, practice and structure that systematically recognises and addresses future opportunities whilst managing adverse effects (i.e. threats) by recognising risks and responding appropriately to them. The Company follows well defined risk management manuals and processes to mitigate enterprise level risks. This aspect is discussed more elaborately in the 'Enterprise Risk Management' section of the Annual Report on page 55.

#### l) Revenue Assurance & Fraud Management

Revenue Assurance function is accountable to ensure the accuracy, completeness, integrity and timeliness of all revenue related events, transactions and primary revenue driving cost components. Along with providing support to give assurance on correct revenue recognition and reporting, this function also performs continuous monitoring to prevent revenue leakages. Fraud Management systems and processes are in place to ensure innovative and effective defence mechanisms to prevent losses from internal/external service frauds.

#### m) Compliance with Rules & Regulations of the Country

In Grameenphone, we believe that compliance is key towards a sustainable business. Therefore, being respectful and compliant to the laws of the land is a priority for us at Grameenphone.

As the leaders of a compliant Company, the Management Team members of Grameenphone adopted strategies that assure compliance with all legal and regulatory requirements. This ensures that good governance is properly cascaded throughout the Company. Grameenphone is subject to close monitoring of the regulatory bodies that focus on transparency and requires that Grameenphone provides accurate and periodic reporting of issues/events and certification where necessary. In this context, Grameenphone regularly provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC&F), Bangladesh Telecommunication Regulatory Commission (BTRC), the Bangladesh Investment Development Authority (BIDA) and all other relevant bodies and authorities. Further, in order to conduct its day-to-day business in a compliant manner, Grameenphone renders its best efforts to comply with the laws of the land.

#### n) Business Continuity and Crisis Management (BCCM)

As a Telecom Operator, Grameenphone always keeps its focus on resiliency in network infrastructure. It has distributed its core network in different geographical locations ensuring redundancy in major voice and data service platforms. Optical Fibre Networks (Backbone) have redundancies. Assessment of vulnerability and protection in collaboration with partners are in place to ensure a quick recovery. Grameenphone has already started multiple projects to remediate security gaps identified in Network and IT infrastructure to uplift its data centre quality. Apart from these, Cloud Technology has been adopted, and several applications have been moved to the cloud thus enhancing disaster recovery capabilities.

BCPs are in place for critical business processes in the organisation. Effective plans on different scenarios and timely execution helps us to ensure essential telecom service for valued customers in the unprecedented Covid-19 situation. We prioritise Crisis Management preparedness. This is an established Crisis Management Organisation (CMT) and Tabletop Exercises (TTX) and drills are performed with top managements' participation. This preparedness, collaboration with authorities, and partners has paid off and allowed Grameenphone to recover its services from major natural disaster like Cyclone Amphan, Fani, and Roanu, etc. with minimal disruption.

We are continually improving Business Continuity Management (BCM) capabilities by identifying potential threats, their impact on business operations, and taking necessary measures in process and infrastructure readiness.

#### o) Supply Chain Sustainability

Supply Chain Sustainability is a part of the organisational strategy of Grameenphone that strives for high labour standards and continuous improvement in its own operations and throughout its entire supply chain. The focus of Grameenphone is to ensure ethical and responsible business practices in its supply chain through structured risk-based sustainability operations that include supplier code endorsement, supply chain capacity building, and periodic audits and inspections. All suppliers and parties having a direct contractual relationship with Grameenphone must comply with Grameenphone's Supplier Conduct Principles (SCP). Besides, all suppliers are obliged to extend the requirements further down in their supply chain. Considering the local market context and long-term risk reduction, Grameenphone emphasises on supply chain capacity building and enhancement of skills. Grameenphone believes that decent working conditions, respect for human rights and the environment, as well as willingness to improve standards amongst our suppliers, is the only viable route forward. Grameenphone also carries out systematic inspections and audits to monitor compliance with the requirements of responsible business conduct. Any identified gaps are shared with the respective suppliers for development. Grameenphone believes supply chain sustainability is a journey to empower and reduce inequalities in the supply chain.

#### p) Bangladesh Secretarial Standards (BSS)

Grameenphone conducts its Board meetings, records the minutes of the meetings, as well as maintains the required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

#### q) Ethics and Behaviour

##### i. Ethics and Compliance Function

Grameenphone's Ethics and Compliance team manages and executes the Grameenphone Compliance Programme. The team manages annual and ongoing processes for compliance risk assessment, maintenance of policies and manuals, implementation of controls, resolution of reported concerns, execution of awareness initiatives and training programmes, monitoring and functional reporting, and evaluation and improvement measures to ensure that internal and external requirements are met. To safeguard the independence and objectivity of the Ethics and Compliance team, the Head of Ethics and Compliance has reporting lines to the Board of Directors as well as to the Chief Executive Officer.

## ii. Code of Conduct

The Code of Conduct is an integral part of our daily lives. It is the basis for how we behave and do business – always in line with the highest ethical standards. This year Grameenphone adopted an updated Code of Conduct approved by the Board of Directors. It promotes four key principles:

1. We play by the rules.
2. We are accountable for our actions.
3. We are transparent and honest.
4. We speak up.

The four Code principles are designed to set clear expectations regarding our business conduct. The Code of Conduct is a key governance document that helps employees safeguard themselves from breaches within the organisation. The regular electronic re-signing of the Code of Conduct helps remind our employees of our joint commitment towards a zero-tolerance policy for corruption and promotion of ethical business behaviour. When employees face any dilemmas and challenges in their day-to-day work, Grameenphone's Ethics and Compliance team is always available to help them navigate through those dilemmas in full alignment with our key principles. Our Ethics and Compliance team manages an annual web-based "E-learning" and conducts several live, dilemma-based awareness and training programmes on the Code of Conduct and specific risk areas to further enhance employee knowledge and help them identify and correctly respond to ethical dilemmas.

Our Code of Conduct emphasises the duty to speak up whenever there is a potential breach of the legislation or the Code itself. Grameenphone has a web-based reporting channel, the "Integrity Hotline" – that is operated by an international, independent company and is designed to protect the privacy of individuals who report a concern, and individuals who are the subject of a reported concern. Individuals may choose to remain anonymous and can report without fear of retaliation.

## iii. Restrictions on dealings in Grameenphone Shares by Insiders

The Company has established a detailed policy relating to trading in Grameenphone shares by Directors, Employees and other Insiders. The securities laws also impose restrictions on similar transactions. Insiders are prohibited from trading in Grameenphone shares, while in possession of unpublished price sensitive information in relation to the Company during prescribed restricted trading periods.

## iv. Business Partner Compliance Management Policy

Grameenphone expects its Business Partners to meet Grameenphone standards and respective values. To meet that requirement the Company has adopted the Business Partner Compliance Management Policy which ensures our relationships with business partners do not pose unacceptable compliance risks within the chain. The Company has adopted the risk-based approach in managing business partner compliance risks which includes, but are not limited to risks of corruption, fraud, money laundering, trade sanctions, privacy, business security, health and safety, human rights, and the environment.

## v. Supplier Conduct Principles

The Supplier Conduct Principles (SCP) outline the standards for ethical and business conduct expected from suppliers and contractors in their relationship with the Company. The SCP are binding on the Company's suppliers through the confirmation and signing of the Agreement on Responsible Business Conduct to ensure high standards of business ethics amongst all suppliers of the Company.

## vi. Anti-Corruption Policy

"Zero Tolerance" for corruption is Grameenphone's bedrock principle for combatting corruption. Grameenphone's Anti-Corruption policy applies to its Board members, employees, and others with the authority to act on our behalf. The Company has a robust anti-corruption programme that conducts a targeted integrity risk assessment of all of its organisational processes in order to identify risk areas and develop effective mitigations. These risk assessments are conducted annually and updated quarterly. Grameenphone's risk-based mitigation plan is designed to prevent or reduce exposure to corruption and minimise our risk of involvement in bribery, facilitation of payments, or trading in influence. Grameenphone's top management demonstrates a visible and active commitment to our "Zero Tolerance" for corruption through Town Halls, written communications and in its day-to-day activities, where they lead by example. Grameenphone maintains 100% completion rate for its anti-corruption e-learning and Code of Conduct sign off, where each Grameenphone employee commits to complying with the Company's requirements. Grameenphone expects its business partners to meet the same anti-corruption standards and exercises due care before engaging any of them.

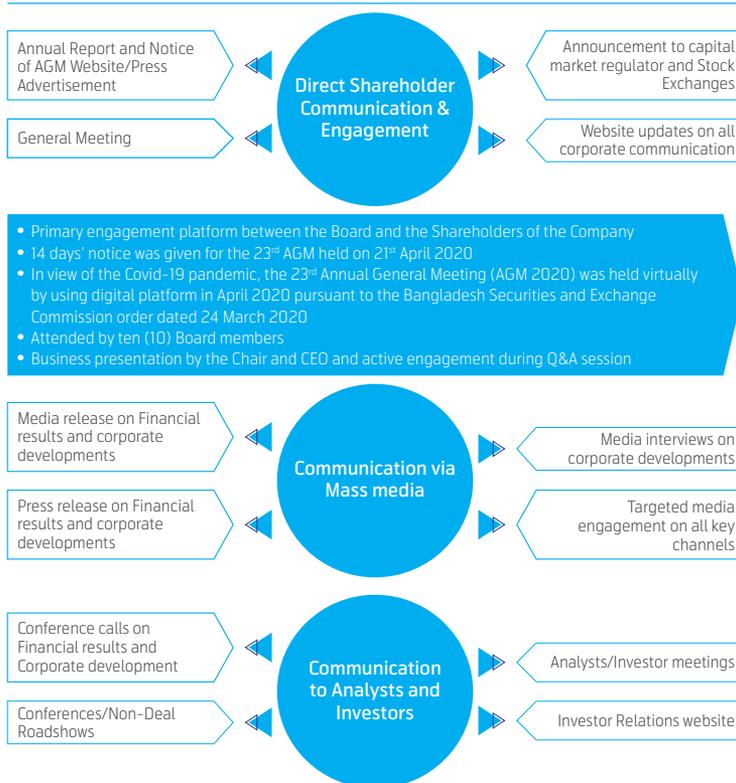
All Grameenphone business partners must accept our extensive anti-corruption requirements (which are embedded in their contracts with us) and our Ethics and Compliance team regularly engages them in corruption awareness sessions and verification activities meant to ensure their compliance with their anti-corruption commitments to us.

## r) Investor Relations (IR)

Grameenphone is one of the largest listed corporate entities in Bangladesh, and therefore places high importance to the investment community both within and outside of the country. With the purpose of establishing the most effective two-way communication with financial markets and the Company, there is a dedicated Investor Relations function providing best-in-class-practices in Grameenphone.

The Investor Relations (IR) function aims to provide relevant and necessary information to the investment community and capital markets in order to enable them to make an informed judgement about the fair value of the Company's shares. IR acts as a bridge between the Management of the Company and its valued investors, and as a specialised function maintains close contact with worldwide investors, analysts, market experts, capital markets and financial community on a proactive basis. Through this, the relevant stakeholders are kept informed about the Company's financial results, regulatory landscape, growth opportunities and strategic ambitions, while objectively sharing the associated risk and reward profile.

Grameenphone uses a number of channels for communication with shareholders and stakeholders particularly:



This also reflects Grameenphone's commitment towards developing the capital market of the country by introducing global best practices and ensuring transparency, accountability and compliance. Grameenphone's Investor Relations website is updated with the latest information. An email address and hotline number is listed for direct access to key persons. Notable events that IR conducted during the year 2020 were quarterly earnings release, frequent conference calls with the investment community, participation in foreign non-deal road shows and participation in frontier market conferences.

## s) Shareholders

### i) Communications with Shareholders

We believe good Corporate Governance involves openness and trustful cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. We value the importance of effective communication with our Shareholders and Investors. Information is communicated to the Shareholders regularly through a number of forums and publications. The Company has adopted a detailed policy on information disclosure and communication. In compliance with continuous disclosure requirements, the Company's policy is that Shareholders will be informed of all major developments that impact the business of the Company in a routine manner so that they are able to make informed decisions.

### ii) Information Disclosure

In accordance with the disclosure requirements, the Company follows the following three main forms of information disclosure:

- Continuous disclosure – which is its core disclosure and primary method of informing the market and Shareholders;
- Periodic disclosure – in the form of quarterly and yearly reporting of financial results and other issues; and
- Event-based disclosure – as and when required, of administrative and corporate developments, usually through stock exchanges and press releases

All information provided to BSEC and Stock Exchanges are immediately made available to the Shareholders and the market on the Company's Investor Relations section of the website: [www.grameenphone.com](http://www.grameenphone.com)

### iii) Annual General Meeting (AGM)

The General Meeting of the Shareholders is the supreme governing forum in Grameenphone. The Company recognises the rights of Shareholders and the Shareholders' interests are primarily ensured through Grameenphone's Annual General Meeting (AGM). The Company also encourages Shareholders' active participation in the AGM and other General Meetings. The AGM provides a useful forum for our Shareholders to engage directly with Grameenphone's Board of Directors and Management. The Board Members and Statutory Auditors attend the AGM to respond to the Shareholders' queries on the result or any other aspect of the Company.

Notices of the AGM, together with the annual reports, are generally issued to all Shareholders (including foreign shareholders) at least 21 days prior to the scheduled meeting. This provides ample time for shareholders to review the documents ahead of the meetings and appoint their proxies to attend the meetings if they wish.

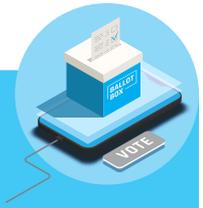
In view of the Covid-19 pandemic, the 23<sup>rd</sup> Annual General Meeting (AGM 2020) was held virtually by using a digital platform in April 2020, pursuant to the Bangladesh Securities and Exchange Commission order dated 24 March 2020.

In order to encourage the participation of shareholders at its general meeting, we designed the virtual format of 23<sup>rd</sup> AGM to enhance, rather than constrain, shareholder access, participation and communication. For example, the online format allowed Shareholders to communicate with us in advance of and during the meeting so that they could ask any relevant questions or provide with comments on the performance or any other aspect of the Company. Shareholders were allowed to cast their vote on the Agenda items through the system. The Company will continue to explore leveraging on technology to facilitate Shareholders' participation and enhance proceedings of General Meetings.

As part of Grameenphone's commitment towards more environmentally-friendly and sustainable practices, Grameenphone makes its annual reports available online at the Grameenphone website. Printed copies of Grameenphone's annual reports are made available upon request.

As required under "Bangladesh Secretarial Standard 2: Secretarial Standard on General Meetings" issued by Institute of Chartered Secretaries of Bangladesh (ICSB), particulars of last three years General meetings are disclosed herewith:

General Meeting	Date, Time and Place	Participants	Approved Resolution
23 <sup>rd</sup> Annual General Meeting	<p><b>Date:</b> Tuesday, 21 April 2020</p> <p><b>Time:</b> 10:30 AM</p> <p><b>Place:</b> Virtual Shareholder Meeting by using digital platform through the following link <a href="http://bit.ly/gpvirtualagm-2020">http://bit.ly/gpvirtualagm-2020</a></p>	298 Shareholders attended in person and 1 Shareholder attended by proxy which represent 1,238,846,483 shares being 91.74% of paid up share capital of the Company	<p><b>Agenda 1:</b> Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2019 together with the Auditors' Report thereon.</p> <p><b>Agenda 2:</b> Declaration of Dividend for the year ended 31 December 2019 as recommended by the Board of Directors.</p> <p><b>Agenda 3:</b> Election/Re-election of Directors.</p> <p><b>Agenda 4:</b> Appointment of Statutory Auditors and fixation of their remuneration.</p>



### Electronic Poll Voting at Grameenphone General Meeting

In view of the Covid-19 pandemic, voting by shareholders at the AGM 2020 was done by poll pursuant to the provision of the Companies Act, 1994 and BSEC's notification dated 24 March 2020.

All resolutions at Grameenphone's 23<sup>rd</sup> AGM were voted on by poll so as to reflect shareholders' shareholding interests and ensure greater transparency. Grameenphone used electronics poll voting system to register the votes of shareholders who participated the AGM.

When voting on a resolution has closed, the poll voting results, including the number and percentage of votes cast for and against the resolution, were immediately broadcasted. The poll voting results were filed with BSEC after the AGM.

General Meeting	Date, Time and Place	Participants	Approved Resolution
22 <sup>nd</sup> Annual General Meeting	<b>Date:</b> Tuesday, 23 April 2019 <b>Time:</b> 10:30 AM <b>Place:</b> International Convention City, Bashundhara (ICCB), Hall-1, (Gulnaksha) Joar Sahara, Khilkhet, Dhaka-1229	70 Shareholders attended in person and 53 Shareholders attended by proxy which represent 1,267,263,154 shares being 93.85% of paid up share capital of the Company	<b>Agenda 1:</b> Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon. <b>Agenda 2:</b> Declaration of Dividend for the year ended 31 December 2018 as recommended by the Board of Directors. <b>Agenda 3:</b> Election/Re-election of Directors. <b>Agenda 4:</b> Appointment of Auditors and fixation of their remuneration.
21 <sup>st</sup> Annual General Meeting	<b>Date:</b> Thursday, 19 April 2018 <b>Time:</b> 10:30 AM <b>Place:</b> ICCB, Hall-1, (Gulnaksha) Joar Sahara, Khilkhet, Dhaka-1229	Total 238 Shareholders attended in person or by proxy which represent 1,262,068,788 shares being 93.47% of paid up share capital of the Company	<b>Agenda 1:</b> Consideration and adoption of the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditors' Report thereon. <b>Agenda 2:</b> Declaration of Dividend for the year ended 31 December 2017 as recommended by the Board of Directors. <b>Agenda 3:</b> Election/Re-election of Directors. <b>Agenda 4:</b> Appointment of Auditors and fixation of their remuneration.
21 <sup>st</sup> Extra-Ordinary General Meeting	<b>Date:</b> Thursday, 19 April 2018 <b>Time:</b> 3:30 PM <b>Place:</b> ICCB, Hall-1, (Gulnaksha) Joar Sahara, Khilkhet, Dhaka-1229	Total 220 Shareholders attended in person or by proxy which represent 1,255,819,155 shares being 93.00% of paid up share capital of the Company	<b>Agenda 1:</b> Amendment to the Object Clauses of the Memorandum of Association of the Company

#### iv) Website

All financial results and key performance indicators as well as other relevant financial and non-financial data are posted on the Investor Relations section of the Company's website: [www.grameenphone.com](http://www.grameenphone.com)

#### v) Shareholders' Queries

Whilst the Company aims to provide sufficient information to Shareholders and Investors about the Company and its activities, it also recognises that Shareholders may have specific queries relating to their shareholding. These queries may be directed at +88 01711555888 or mailed to Grameenphone Share Office at [shareoffice@grameenphone.com](mailto:shareoffice@grameenphone.com).

Grameenphone believes in transparency and accountability to society as a whole through establishment of an efficient and effective Corporate Governance regime. The Company also believes that Corporate Governance is a journey and not a destination and it needs to be continuously developed, nurtured and adapted to meet the varying needs of a modern business house as well as the justified aspirations of our valued investors, other stakeholders and the society at large.